

# ELLIS:LAWHORNE

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April 26, 2010

## **VIA ELECTRONIC MAIL SERVICE**

The Honorable Jocelyn G. Boyd  
Clerk  
**South Carolina Public Service Commission**  
Post Office Drawer 11649  
Columbia, South Carolina 29211

RE: Docket No. 2007-414-WS

Dear Ms. Boyd:

I am writing on behalf of Haig Point Club and Community Association ("HPCCA"), a party-of-record in the above-referenced docket. As you may recall, on June 24, 2008, through Order No. 2008-448, the South Carolina Public Service Commission ordered into law a settlement agreement reached between the parties in this docket. One of the important protections established by the Commission's Order was a requirement that the utility and its owner, CK Materials, Inc. ("CK"), keep in effect *for the Haig Point system* performance bonds in the amount of \$350,000 for water service and \$350,000 for sewer service.

It has just come to our attention that CK Materials, LLC ("CK") recently requested, through a March 30, 2010 letter from Charles A. Scarminach to you, that the Commission accept the two \$350,000 bonds for water and sewer currently protecting the Haig Point customers "as sufficient to fulfill CK Materials' obligations under S.C. Code Ann. §58-5-720." CK has neither served this request upon the HPCCA, nor provided any notice of this request to the HPCCA.

While my client cannot discern from the words in the March 30 letter the exact effect of CK's request, it appears that approval of CK's request will cause the two \$350,000 bonds currently protecting Haig Point's customers to extend to the water and sewer operations of Melrose Utility Company, Inc. The profound adverse impact that this would have upon the protections previously afforded to the water and sewer customers at Haig Point would, be believe, constitute a direct violation of the Parties Settlement Agreement and an unlawful dilution of the protections afforded to Haig Point customers by Commission Order No. 2008-448.

Any application of the Haig Point bonds to the operations of the Melrose systems will dramatically reduce the protections that these bonds currently provide to the Haig Point customers. If the value of these bonds is exhausted to satisfy CK's performance obligation related to Melrose, then the protections afforded by these bonds will no longer be available to Haig Point. This would render worthless one of the most valuable safeguards of the settlement agreement we reached with the parties in this docket. Compounding this unacceptable effect is the fact that CK has just purchased the Melrose water and sewer systems from a bankrupt owner. These systems have, thus, been "maintained" for some time by an owner that was financially unable to sustain its operations.

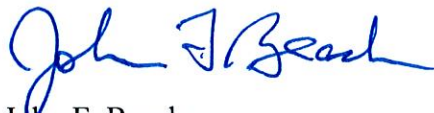
The Honorable Jocelyn G. Boyd  
April 26, 2010  
Page 2

HPCCA believes that the extension of Haig Point's bonds to the Melrose system would constitute a direct violation of Commission Order No. 2008-448. HPCCA asks that the Commission deny any request that would result in such an extension. In the event that the Commission does not intend to summarily deny CK's request, then HPCCA requests an opportunity to receive official notice of CK's request, including an explanation of its exact effect, and an opportunity to formally present its position in response.

Please feel free to contact me if you have any questions, or would like to discuss this matter in any way.

With kind regards, I am

Yours truly,



John F. Beach

JFB/cr

cc: Charles A. Scarminach, Esquire (via electronic and first class mail service)  
Ms. Dawn Hipp (via electronic and first class mail service)  
Mr. Willie Morgan (via electronic and first class mail service)  
Mr. Randy Page (via electronic and first class mail service)